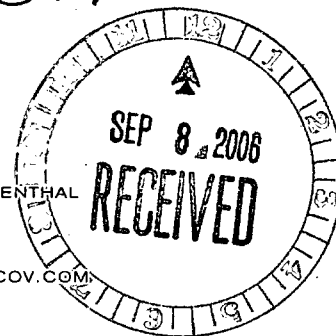


COVINGTON & BURLING LLP

1201 PENNSYLVANIA AVENUE NW  
WASHINGTON, DC 20004-2401  
TEL 202.662.6000  
FAX 202.662.6291  
WWW.COV.COM

WASHINGTON  
NEW YORK  
SAN FRANCISCO  
LONDON  
BRUSSELS

MICHAEL L. ROSENTHAL  
TEL 202.662.5448  
FAX 202.778.5448  
MROSENTHAL@COV.COM



September 8, 2006

**BY HAND**

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Re: STB Ex Parte No. 575, Review of Rail Access  
and Competition Issues – Renewed Petition of  
Western Coal Traffic League

ENTERED  
Office of Proceedings  
SEP 8 - 2006  
Part of  
Public Record

Dear Secretary Williams:

Union Pacific Railroad Company (UP) is filing this letter in response to the August 24, 2006 letter filed in the above-captioned matter by Arkansas Electric Cooperative Corporation (AECC).

In an August 7, 2006 submission, AECC purported to show that an interchange commitment between UP and the Missouri & Northern Arkansas Railroad increases rates for moving Powder River Basin coal to the Independence power plant by “at least \$3.25 per ton.” In response, UP observed that AECC had used “estimated” rates in its submission because using the actual rates would have disproved its claim that UP obtains a premium for transporting coal to Independence as a result of the interchange commitment.

AECC does not acknowledge its misleading submission but instead tries to change the subject by recycling arguments that UP has refuted elsewhere in the extensive record that has been compiled in this proceeding. We see no need to add to that record by responding to those arguments again.

Sincerely,

Michael L. Rosenthal

cc: Parties on the Service List in Ex Parte No. 575